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STATE OF MICHIGAN
LIQUOR CONTROL COMMISSION
SEMI-ANNUAL PUBLIC HEARING

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Proceedings had in the above-entitled matter before Chairman Andrew Deloney, Commissioners Ed Gaffney, Dennis Olshove and Teri Quimby, held at the Michigan Liquor Control Commission, General Office Building, 7150 Harris Drive, P.O. Box 30005, Jacquelyn A. Stewart Hearing Room, Lansing, Michigan, on Wednesday, December 5, 2012.

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IN ATTENDANCE:

Faiez Asmery, NWS
 Az Ibrahim, MB&WWA
 Michael J. Brown, Carlin Edwards Brown
 Sean Butler, John P. O'Sullivan Distributing
 Sandra Cotter, Dykema Gossett
 Joe David, McCormick Distilling Co./MSA
 Joseph Fabiano, Fabiano Brothers/MB&WWA
 Jacqueline Fonti, Sidney Frank
 Brien Fox, Henry A. Fox Sales Company/MB&WWA
 Katherine Gonzales, MCDCH
 Keith Klopccic, West Side Beer Dist.
 Angela Madden, MB&WWA
 Aaron Matthews, Clark Hill PLC
 Don Nunn, Meijer
 Matt O'Brien, Bacardi
 Joanie O'Sullivan-Butler, John P. O'Sullivan Distributing
 Rick Perkins, Carlin Edwards Brown
 David Puck, MLBA and TAM
 Philip Sloan, NWS
 Linda Thayer, Adkison Need & Allen, PLLC
 Guy Verderese, Great Lakes Wine & Spirits
 Kevin Wood, William Grant & Sons

1 Lansing, Michigan

2 Wednesday, December 5, 2012 - 11:07 a.m.

3 CHAIRMAN DELONEY: Good morning, everyone. The
4 Commission welcomes you to the second of our Semi-Annual
5 Public Hearings of 2012, as required by Section 215(2), Act
6 No. 58 of the Public Acts of 1998, as amended. This hearing
7 is being held to provide a public forum and to provide an
8 opportunity to air comments with respect to the
9 administration of the Liquor Control Code.

10 Pleased to see that a quorum is present this
11 morning -- Commissioners Gaffney, Olshove, Quimby and myself.
12 This hearing is being reported by Lori so those who would
13 like to speak this morning, please state your name and the
14 organization which you represent, if you do represent one.
15 That will be a great help to her and to us. If you have any
16 questions of a specific nature for one or more of us, you may
17 wish to hold on to that and to speak personally with one of
18 us at the end.

19 I am going to ask that because we have a number of
20 people who would like to speak this morning -- I would like
21 to keep comments to fewer than five minutes. When I call
22 you, if I could ask you to come up to the podium. There is a
23 microphone. I would ask you to use the microphone so that,
24 again, we can properly hear you and make sure that the
25 proceedings are being properly recorded.

1 With that, a number of folks have indicated their
2 presence, but not wishing to speak. Joe David, McCormick
3 Distilling. Joe, good morning. Rick Perkins with Carlin
4 Edwards Brown. Good morning, Rick.

5 MR. PERKINS: Good morning.

6 CHAIRMAN DELONEY: Katherine Gonzales with the
7 Michigan Department of Community Health. Michael Brown, also
8 with Carlin Edwards Brown. Good morning. Having a tough
9 time reading this one, but I think it is Guy --

10 MR. VERDERESE: Verderese.

11 CHAIRMAN DELONEY: Verderese. Thank you. Great
12 Lakes Wine & Spirits. Aaron Matthews with Clark Hill. Good
13 morning. Az Ibrahim with Michigan Beer & Wine Wholesalers
14 Association. Linda Mayer, Adkison Need & Allen. Joe
15 Fabiano, Fabiano Brothers. Brien Fox, Henry Fox Sales
16 Company. David Puck with MLBA and Techniques of Alcohol
17 Management. Sandra Cotter from Dykema Gossett.

18 MS. COTTER: Good morning.

19 CHAIRMAN DELONEY: Kevin Wood, William Grant &
20 Sons. Jacquelyn Fonti from Sidney Frank Importers. Philip
21 Sloan, National Wine & Spirits. Faiez Asmery, also with
22 National Wine & Spirits. Matt O'Brien with Bacardi. Don
23 Nunn with Meijer. And Angela Madden, Michigan Beer & Wine
24 Wholesalers Association.

25 MS. MADDEN: Good morning.

1 CHAIRMAN DELONEY: Also not wishing to speak, Keith
2 Klopcic, West Side Beer Distributors.

3 MR. KLOPCIC: I am willing if you want me to, but I
4 am not wishing to.

5 CHAIRMAN DELONEY: I will do a call at the end if
6 anyone wishes to make comments. At this time, we will call
7 the first person who indicates they wish to speak to us this
8 morning, Mike Tobias, Michigan Alcohol Policy. Good morning.

9 MR. TOBIAS: Good morning, Commissioners. It is
10 good to be here. I have handouts for you there and one for
11 the Reporter. Good morning, Commissioners. My name is Mike
12 Tobias. I am the Executive Director of Michigan Alcohol
13 Policy Promoting Health and Safety. I just want to briefly
14 touch on some of the recommendations that are being put forth
15 by the Office of Regulatory Reinvention. I know some of
16 those will probably be rule changes and probably some will be
17 statutory changes, but we are very concerned about some of
18 them that have been proposed. Specifically, lowering the
19 inventory threshold for gas stations to get liquor licenses.
20 We have over 16,000 retail outlets in Michigan. We think
21 alcohol is pretty well available. I think it is pretty easy
22 for most people to get it. I don't think it is good, even
23 for businesses to put up more licenses. So, in general, we
24 don't support expansion against those licenses. Again,
25 allowing wine and beer sampling at farmers markets, again, I

1 guess there is about 300 farmers markets out there. Again,
2 if we expand licenses, we think there is a problem doing
3 that. I am not sure what constitutes a farmers market. So I
4 even worry that there will be more farmers markets pop up
5 because they can sell beer or whatever the case may be.

6 Allowing beer to be directly shipped to consumers.
7 We think that might open the door to make it easier for
8 minors to get access to it.

9 And increasing the number of resort licenses,
10 again, we think there is plenty of licenses out there. Don't
11 really see a need for more. You know, underage drinking has
12 declined the last 15 years or so so we have made some good
13 progress in that regard. It is my understanding that the
14 small craft breweries and the small wineries are doing pretty
15 well in Michigan. So I don't see a lot of change to loosen
16 regulations or to make it more accessible and more easy to
17 get. I appreciate, you know, listening to my concerns. If
18 you have any questions, I will be happy to try and answer
19 them, but thank you.

20 CHAIRMAN DELONEY: Thank you very much. Next,
21 Spencer Nevins, Michigan Beer & Wine Wholesalers Association.

22 MR. NEVINS: Good morning. I am Spencer Nevins,
23 Vice-President, Michigan Beer & Wine Wholesalers Association.
24 I appreciate the opportunity to speak to you today. I don't
25 have a lot of comments today, but I wanted to touch on a

1 couple issues. First of all, I think, you know, you guys
2 need be to congratulated on the successful year we have had;
3 successful year the Commission has had. You have experienced
4 a lot of change this year. I was just thinking about this
5 the other day -- two new Commissioners -- Commissioner
6 Olshove, Commissioner Clemente; bringing back the business
7 manager model; hiring Kerry Krone for that; that is a lot of
8 change for an organization. But despite all that, you were
9 still able to hit on some of your stated goals and I think
10 you have been doing a good job achieving them, mainly
11 licensing reform, speeding up that process; making that a
12 more certain process, following the statutes when reviewing
13 things so that people know when they read a statute, read a
14 rule, they have a pretty good idea of what is going to
15 happen. You have done an excellent job of doing that. It
16 has made it a lot easier for beer and wine distributors and I
17 am sure for other members of the industry, as well. So
18 despite all that change, you had a really successful year and
19 you deserve to be congratulated. But I guess we've all heard
20 the comment before: The only thing that is constant is
21 change. So we are looking forward to the next year and I
22 took notice of Chairman Deloney's comments in the most recent
23 publication of the Liquor Control Commission where he was
24 talking about getting ready to do the rule-making process in
25 the upcoming year, starting to look at the proposed

1 recommendations, whether those are from ORR or whether they
2 are from internal staff, licensees, that should be an
3 interesting process. It is going to bring along change and
4 the Beer and Wine Distributors want to be a part of that. We
5 want to work with you. We want to work with our industry
6 partners as that process goes forward, but like I said, this
7 summer and I'd like to remind us again, I think all of us --
8 the Commission, beer and wine distributors, retailers,
9 manufacturers have an obligation to also look at the public
10 health effects of our industry and make sure we are keeping
11 that in mind as we are looking to make it a more vibrant
12 industry. We have a good, vibrant industry. We have great
13 economic numbers. Everyone always wants to improve a little
14 bit and there is nothing wrong with that, but I just would
15 really caution that we keep that public health aspect that we
16 all have a responsibility to because of the products that we
17 sell and make that we keep that in mind as we go forward. We
18 have got great -- our numbers, when you compare to the
19 national average on minor accidents, on drunk driving, binge
20 drinking, they are good. They are some of the best. And we
21 have some of the best economic numbers, too. So we are doing
22 something right. There is always room for improvement. We
23 want to be a part of that process. Again, congratulations on
24 a successful year. Thank you and Happy Holidays.

25 CHAIRMAN DELONEY: Thank you. Next is Lori

1 Schroeder.

2 MS. SCHROEDER: Hello. My name is Lori Schroeder.
3 I am a student with Lansing Community College and an intern
4 with the Michigan Alcohol Policy. I was told I could get up
5 and speak if I wanted to if I was concerned about anything
6 and so I took this opportunity to do so. I am also a citizen
7 and I have an 18-year old daughter and once I was going
8 through some brochures during my internship and came across
9 one about removing fingerprinting and that kind of caught my
10 eye because I believe that that would be a huge mistake
11 because if you remove the fingerprinting, any common criminal
12 can give you a name and just give you their name and you
13 would run it and anybody could get a liquor license even if
14 it is just a common criminal. And I think that that would
15 put our community and our children at risk and I believe that
16 would just be a big mistake and it would -- so I would like
17 to go forward with the fingerprinting process. It is a great
18 tool and should be kept in place for law enforcement and the
19 MLCC to actually know the identity of the person who is
20 receiving the license. Fingerprints do not lie, but people
21 do. Thank you for your time.

22 CHAIRMAN DELONEY: Marie Hansen?

23 MS. HANSEN: Is this on?

24 CHAIRMAN DELONEY: It is on, yes.

25 MS. HANSEN: Good morning, Chairman Deloney and

1 Commissioners. I am happy to be here and actually, want to
2 echo some of Spencer's comments. I have developed a
3 significant level of trust for you. We met with Chairperson
4 Deloney early on in his tenure and he talked about being a
5 man who cares about the law and I think we have seen that in
6 your actions. And when you see that in a public official, it
7 inspires confidence that, you know, what you say, what you
8 believe in, is what you act on and we do have some good
9 examples of that. So I want to thank you for that. I want
10 to thank you all for the work you do. It is a tough job. It
11 is a job of balancing between interests of the industry and
12 public interest which are also those of the industry, but
13 also the public health and safety, which is another whole
14 dimension. I think there is also the interests of the State
15 in terms of tax revenues that you are representing a
16 management of that so I thank you for all of that.

17 I am the business manager for Michigan Alcohol
18 Policy and with that organization, I share some concerns
19 about the Office of Regulatory Reinvention's recommendations
20 and I think you heard Mike outline those. One in particular
21 that concerns me is reducing the inventory for gas stations.
22 And I suppose it is just the public citizen in me that says,
23 okay, we are going to increase the number of gas stations
24 that are selling alcohol, maybe just beer and wine, but still
25 alcohol. Are they eligible for sampling licenses? Well,

1 yes. I mean, we have been very restrictive in those
2 convenience stores attached to gas stations kind of in rural
3 areas or where there is a need for it and I support that.
4 But do we really need alcohol sold at all or more gas
5 stations? I think not and I hope that you will use your
6 influence. I understand that some of these things are
7 legislative. Some of them are rules. You know, you don't
8 control the legislation, but you are influential as
9 individuals, maybe even as a group, and so whatever you can
10 do to help us as we move forward on acting on these
11 recommendations to keep the health and the public safety in
12 mind will be greatly appreciated. I trust you to do that in
13 both your own role of rule making and in whatever work you
14 might do with the legislature.

15 CHAIRMAN DELONEY: Thank you. Justin Winslow?

16 MR. WINSLOW: Good morning. Thank you,
17 Mr. Chairman and members of the Commission. My name is
18 Justin Winslow. I am the VP of Government Affairs for the
19 Michigan Restaurant Association. The MRA is the leading
20 voice for the food service industry in Michigan and we
21 represent nearly 5,000 locations across Michigan. As an
22 industry, restaurants also make up a significant portion of
23 the alcohol market. With sales of \$94 billion annually, that
24 is nationwide, which is up five percent, actually, from the
25 previous year. Study just came out. I will be brief. But

1 2012 was a year of great change and as Spencer mentioned
2 previously, here, at the Commission in the midst of all that
3 change there are three things from our perspective at the MRA
4 that deserve recognition. Number one is certainty. If there
5 is one thing any business or businessman or woman desire, it
6 is certainty. There is a lot of variables that they are
7 dealing with every single day, all needed to be successfully
8 navigated just to stay afloat, especially in the
9 hyper-competition restaurant industry.

10 So I commend the Commission for trying to create a
11 frame work of greater certainty for applicants that is
12 grounded in the Liquor Control Code. While there may be some
13 bumps along the way, I think long term this is a commendable
14 model and one my membership greatly appreciates.

15 Two, the consent agenda. This has been great --
16 top to bottom. For our membership, when you can go in and
17 get a catering, a Sunday morning sales, an add bar or other
18 permit, and know that you have the certainty of getting that
19 within 24 hours, it has been a huge help and we appreciate
20 that at the association.

21 And third, the release of the ORR Report. I think
22 while we are far from endorsing everything unanimously in the
23 report, there is a lot of great things in the licensing side.
24 It is really the most significant document to address those
25 inefficiencies that have existed in the past and something

1 that we are happy the Governor introduced and something we
2 hope we can partner with you and the Legislature, to move
3 some of those things -- some of the things Spencer mentioned
4 -- to make things a little more certain for business owners
5 going forward and a little more efficient. With that, I
6 thank you for your time. Well wishes from the MRA and a
7 happy and restful holiday season.

8 CHAIRMAN DELONEY: Thank you. Kimberly -- is it
9 Thalison?

10 MS. THALISON: Close enough. Good morning. This
11 is my first time speaking in front of this group so thank you
12 for the opportunity. I am with some colleagues that have
13 talked about some recommendations in the ORR Report and so --
14 and I am also -- I am from the Ingham County Substance Abuse
15 Prevention Coalition. I am a coordinator for Ingham County
16 Prevention. I do that work through the Eaton Intermediate
17 School District. We have Tri-County Prevention in our
18 office.

19 The one thing I kind of -- I looked at the report
20 and I think I just wanted to talk about one recommendation in
21 the report and hope that you can use your influence, I guess,
22 to support public health and so I come to you as a public
23 health person, as a parent, as a citizen, to talk about the
24 idea of sampling and selling at farmers markets. This
25 particular thing kind of spoke to me as a mother. My mom

1 always talked about time and place for a lot of different
2 activities and this kind of rang true with this
3 recommendation. These farmers markets take place on Saturday
4 mornings or in the evenings. It is something I bring my kids
5 to. We go there to buy fruits and vegetables, honey,
6 flowers, arts and crafts. So the idea of having a family
7 event where there is alcohol sampling and selling, it
8 bothered me just as a parent and as a citizen. I think we
9 have a lot of fairs and festivals where these things occur
10 already. And then the other, from my professional side, we
11 actually use farmers markets as a referral service for our
12 people in recovery. We actually, when people are in
13 recovery, we help them to make a list of safe places where
14 they can experience community and where they can go and have
15 a good time where there is not the influence of alcohol and
16 farmers markets are on those lists. So we want those to
17 continue to be a safe place that is outside of the influence
18 of alcohol sales and sampling.

19 Another thing that we support in our work is when
20 there is a venue that sells alcohol where families go, we try
21 to encourage things like wrist banding, those sorts of things
22 that identify people over the age of 21 so that there is not
23 outside sales or consumption to those folks and so if you
24 introduce the sort of -- or if something like this is
25 introduced to a farmers market, it is a whole group of people

1 who have not experienced that sort of policy work and it
2 seems like it makes our job a lot harder to try and help
3 people to determine the best policy for their activities that
4 maybe they haven't considered before. You know, like even at
5 our Lugin Stadium, we try to encourage wrist banding so that
6 somebody can't go buy beer at the stand and bring a whole
7 bunch of it back to their buddies who aren't of age to drink.
8 Those are the things that I specifically wanted to talk
9 about. So thank you. Happy Holidays.

10 CHAIRMAN DELONEY: Dan McCaw?

11 CHIEF McCAW: Good morning, Mr. Chairman and
12 Committee Members. I would like to just congratulate the new
13 members that have also taken on this role on the Commission
14 because we all know that sometimes it is a never ending job
15 and it is thankless sometimes. But I am Chief Dan McCaw from
16 Waterford, Michigan, Oakland County and I also represent the
17 Chief's Association of Michigan. And couple of the things
18 that we are opposed to and think further consideration should
19 be taken is -- I have four different items. One is allowing
20 beer to be directly shipped to consumers; the elimination of
21 the fingerprint; decreasing the required amount of inventory,
22 and the clause knowingly having to serve somebody as far as
23 an intoxicated person.

24 So first I would like to just talk just briefly
25 about allowing beer being directly shipped to consumers.

1 Number one, we are definitely opposed to this because right
2 now, as most of us know, the theft and the fraud crimes are
3 increasing for us in law enforcement. I have been in law
4 enforcement for 29 years and I work fatal investigations for
5 alcohol enforcement and we see this as just another avenue
6 for people to commit fraud, give false information. We know
7 on the street right now we can go out and buy a driver's
8 license for the State of Michigan for about 50 bucks. That
9 is what it is going for. We are opposed to that simply
10 again, looking at the technology and fraud throughout the
11 community.

12 Elimination of the fingerprints, we are against
13 that, again, simply because somebody could walk in, produce
14 some identification; it's false. Unless we do fingerprints
15 and send them up to AFIS, to the state police, and run a
16 check on them, it could be anybody. Just recently, in fact,
17 in our community, we just arrested some folks -- actually, a
18 criminal out of Florida that we were able to pick up some DNA
19 and run fingerprints and we located him in Florida. So,
20 again, we are opposed to that.

21 As far as decreasing the inventory from \$250,000
22 and \$50,000, I think what we are concerned about as law
23 enforcement officials is our gas stations would become gas
24 stations/liquor stores. Let me explain that for a minute.
25 Right now, a gallon of gas is 3,000 -- or \$3. And the

1 average gas station will carry anywhere from 20 to 30,000
2 gallons of fuel only so they meet the \$50,000 requirement and
3 that is what we are concerned about -- all of a sudden, our
4 gas stations are turning into gas stations/liquor stores.
5 Most of them have other convenience items there and we would
6 be opposed to lowering it to \$50,000. From our research, we
7 have identified that 94 percent of the people in the State of
8 Michigan feel they don't have a problem obtaining liquor,
9 beer, wine, what have you. In fact, they say it is easier to
10 find beer, wine and liquor, in a lot of cases, than it is to
11 find groceries or ancillary items close by to their
12 neighborhood.

13 And the last item that I would like to just briefly
14 speak about is the knowingly allowing serving somebody.
15 Well, if you think about it for a minute, bartenders --
16 people that work and serve alcoholic liquor, they should be
17 trained anyhow. Most people can determine, you know, if
18 somebody may be under the influence or maybe they are over
19 the legal limit. And the other safeguard is, you know,
20 before they serve another drink, they can ask them, you know,
21 here is a breath test; take a PBT. A lot of the liquor
22 establishments are offering that now. So I think to take
23 that law enforcement away from us where we now have to try to
24 prove that the bartender knowingly knew they were over the
25 limit, it is not going to happen. Another part of this, too,

1 all of you know that we lost about 5,000 police officers in
2 Michigan from layoffs, economics and all the other things.
3 All of our staffs have been reduced and one of the areas that
4 it has been reduced is in liquor enforcement because of our
5 primary responsibilities responding to 911 calls and some
6 other things. As far as the law enforcement community is, we
7 would ask you to keep that in the regulations, in the
8 statute, because it does give us a little bit of leeway and
9 it gives us another opportunity to try to make sure that the
10 bars and the establishments that serve liquor do take
11 partnership with us in trying to make sure that they are not
12 putting somebody on the street that has, you know,
13 overindulged and is over the legal limit. Our primary
14 concern as law enforcement officers is public safety and we
15 try to partner with not only schools and other residents and
16 things like that, but also businesses. And we do provide in
17 our community -- and I know other law enforcement offices
18 also provide -- additional training if the local taverns or
19 bars or liquor licensed establishments need some help. So
20 from our point of view, we would ask you to keep that in
21 there. That is all I have to say unless anybody has any
22 questions for me.

23 CHAIRMAN DELONEY: Thank you, Chief.

24 CHIEF McCRAW: Thank you, Mr. Chairman.

25 CHAIRMAN DELONEY: Brian Pizzuti.

1 MR. PIZZUTI: Good morning, Commissioners. How are
2 you? First and foremost, Brian Pizzuti, Vice-President of
3 Sales for National Wine and Spirits, but I am here to speak
4 on behalf of Michigan Spirits Association.

5 I hope all of you at the Commission have a safe and
6 happy holiday to begin with and the rest of the MLCC
7 community. I want to begin with saying thank you for all the
8 support you have shown us and MSA. You have tackled some
9 very, very big requests we have made. I feel we brought you
10 some great alternatives to slightly change the statutes in
11 place to derive new revenue to the Commission in a
12 responsible and productive way that is still completely
13 socially acceptable; things like the carbonated vat, things
14 about IRCs that are being embraced in the market; growing
15 sales for the spirits industry, as well as the State coffers.
16 So thank you very much. The MSA is here to help in anyway we
17 can. We look to be a partner continuing into 2013. Any
18 issues you may have, any questions we can be there to help
19 you on, we would love to do that. We represent 80 percent of
20 the spirit suppliers in the state, as well as the ADA
21 community. We feel we are a great voice of any spirits
22 matter if you need us and if you do, call. We will be there.
23 Thank you.

24 CHAIRMAN DELONEY: Thank you. John Andrews.

25 MR. ANDREWS: Good morning. My name is John

1 Andrews and I am speaking on behalf of the Michigan
2 Association of Substance Abuse Coordinating Agencies, more
3 commonly known by its initials as MASACA. The membership of
4 MASACA are the directors of the 16 agencies that are
5 responsible by statute for managing publicly funded substance
6 abuse treatment and prevention services in all 83 counties of
7 Michigan. I think a number of people ahead of me have
8 already spoken to some of the things we are concerned about.
9 But knowing that you are going to be looking, in the coming
10 months, at a lot of the recommendations coming from the ORR
11 Report, we simply want to go on record as expressing some of
12 our concerns about some of the same items that have already
13 been referenced. It strikes me, as I was listening, I
14 wouldn't want your job. You folks have a very difficult
15 responsibility, I think, of maintaining that delicate balance
16 between reasonable -- underline reasonable -- access to
17 alcohol and public health and safety. You know, we see, kind
18 of, the threat. In our business, we see the threat that
19 alcohol has created. For most people, it is obvious.
20 Alcohol is not a problem. It is simply a way of adding some
21 pleasure to a dinner party at home or an evening out with
22 friends or a relaxing moment after cutting the lawn, but for
23 a small but significant minority of our residents, alcohol
24 creates a lot of tragedy. We know, for example, that the
25 majority of student deaths on campus from accidents have

1 alcohol involved. We know that 75 percent of the kids who
2 are removed from abusive homes are from homes where alcohol
3 is a factor. We know that at least 30 percent of our
4 emergency room admissions are for alcohol related problems.
5 These are the kinds of things we experience day in and day
6 out in our business. And I guess all we would ask you to do
7 is as you look at the kind of rule and regulatory changes
8 that are being proposed to you, many of which have been
9 referenced and many of which we support in opposition, that
10 you consider that delicate balance between public health and
11 safety and reasonable access. It is our conviction that a
12 lot of the recommendations coming out of the ORR Report are a
13 real risk to public health and safety. We think that the
14 kinds of current controls and regulations and rules that you
15 have in place have been a major factor in managing the kind
16 of risk that is involved with a product like alcohol and so
17 we simply want to go on record in letting you know some of
18 our concerns about that report, the recommendations of that
19 report and offer to be available to you and in fact, intend
20 to be available to you as a voice in your ear reminding you
21 of that balance that needs to be maintained. I think that is
22 a tough task. I don't envy you that responsibility. But it
23 is a critical task for the health and safety of our
24 communities, of our families and of our individuals in the
25 State and we support you and encourage you in facing those

1 challenges. Thank you.

2 CHAIRMAN DELONEY: Thank you. Brian Zetouna.

3 MR. ZETOUNA: Good morning, Commissioners. Thank
4 you very much for allowing me to speak today. My name is
5 Brian Zetouna. I represent Allied Liquor Stores of Michigan.
6 I am currently the speaker for Allied Liquor Stores of
7 Michigan. We are a young organization who came from the
8 urgent need from our independent liquor stores -- mom and pop
9 operations -- bond together, to make our voice heard, as well
10 as to work together with our communities. We come from
11 families. Obviously, our businesses are all owned by
12 families; are all in communities with families and we come
13 from the concept of it takes a village to raise a child. It
14 takes a community to keep the control on liquor, as well as
15 beer. We sell alcoholic beverages to our consumers with
16 respect and we greatly watch and monitor who our customers
17 are. We make sure that the youth never gets their hands on
18 alcohol because we are families of youth. We do not want our
19 children today or tomorrow, to be supplied alcohol. We
20 oppose, strongly, the fact that the gas stations could be
21 acquiring all alcohol licenses with a reduction of the
22 minimum limit from \$250,000 to \$50,000. We just, basically,
23 see it as nothing but a disaster that is waiting to happen.
24 It is, plainly, an encouragement to drinking and driving that
25 is going to create a big mess. I personally have spoke to

1 many chiefs of police in our local communities and every
2 single one of them agrees that the State has never increased
3 their funding since they increased the hours of selling on
4 Sundays. Now, if they open up this window to all the gas
5 stations to acquire beer and wine, as well as liquor
6 licenses, where is it going to lead to? Our police officers
7 are already under a lot of pressure trying to control things.
8 We see ourselves as part of the communities. And as I spoke
9 earlier, we work with our communities hand-in-hand and we
10 make sure our staff are well trained, paid fairly and it's
11 always a family member of the business that is very
12 responsible, is always monitoring the sales at our
13 establishments. Gas stations, Speedway or anything like that
14 that big, those companies are located outside of the State of
15 Michigan. If we are going to create revenue for the State of
16 Michigan, all we are going to do is allowing those gas
17 stations to take the revenue and push it outside of our
18 state. While the way things are in our state right now, all
19 the money that is being made is staying locally. We are
20 encouraging the local economy to grow. But if we allow the
21 gas stations to do that; our local economy is going to get
22 destroyed -- my business, my family business, as well as my
23 members, most of us will take a hit no less than 30 percent
24 of our business. To some of us, that is a declaration of
25 going out of business. How many of us can stay in business

1 if we have gas stations nearby us giving the products away or
2 getting kickbacks from outside of the state from different
3 suppliers? It is just the reality. Right now we have a
4 limit of \$250,000 on gas stations and the majority of gas
5 stations are in violation. I personally work with my family
6 in one of our stores, we had a gas station across the street
7 from us, the gas station barely had \$40,000; kept on calling
8 the Liquor Control Commission, and it is always they give a
9 phone call to the owner of the station; the owner goes to the
10 wholesaler; packs up inventory; come out for inspection and
11 the inventory is there -- a bunch of cigarettes. They leave;
12 they find a way to get rid of it and on and on until finally,
13 he gave up and said I cannot sustain \$250,000 inventory. It
14 is not worth it for me. Why? Because he has been in
15 violation the whole time. A lot of the gas stations in the
16 tri-county area, which a lot of your members are in, are the
17 same way. I mean, if we are going to reduce it, we are just
18 telling everybody okay, go ahead. You have it. Now we can't
19 watch it. Now what is going to happen next? Drinking and
20 driving left and right. A person that works at a gas station
21 for minimum wage is not going to care as much or maybe they
22 just want to supply their buddies who just got out of high
23 school. I don't mean to make it long for you gentlemen --
24 ladies and gentlemen, but please consider not reducing the
25 limit to \$50,000. Thank you very much.

1 CHAIRMAN DELONEY: Thank you. Gazwan -- I can't
2 read the last name.

3 MR. ZETOUNA: Gazwan Zetouna. Good morning,
4 Mr. Chairman and thank you for giving us this chance to be
5 here. My name is Gazwan Zetouna. I represent Rochester &
6 M-59 in Oakland County. I own a store there and we have been
7 running this business for so long and I see the State needs
8 some moneys. They want some revenue and I got an idea where
9 the State can be helped, where you can increase the liquor
10 license fee. It has not been increased for so long so I
11 think this is the right time to have to take care and
12 increase for the liquor license fees and we have been making,
13 for store owners, 14.9 profit on the liquor. And I would
14 like to see that increased to 10 percent because cost of
15 living keeps increasing day after day and we have fallen
16 behind to make our payments and I think you should take that
17 for consideration. Thank you.

18 CHAIRMAN DELONEY: Thank you. I have a couple of
19 cards submitted: Sean Butler with John P. O'Sullivan
20 Distributing, not wishing to speak. Joanie
21 O'Sullivan-Butler, also with John P. O'Sullivan Distributing;
22 Joanie not wishing to speak. And also not wishing to speak,
23 Linda Keefe-Lewis. Are there any other folks here who wish
24 to share a few words?

25 Okay. Hearing none, I just want to take a couple

1 of quick moments to say just a couple of brief words. First
2 of all, thanks to all of you for coming. To those of you
3 that spoke, thank you for sharing your thoughts with us and
4 of course, this is not your only opportunity. I think those
5 of you that have called on me, hopefully, you know that we
6 have an open-door policy. We are here working on a daily
7 basis. So if there is ever an opportunity you want to sit
8 down with us, expand further on some things that you shared
9 with us, feel free to give us a call any time.

10 I also want to thank my fellow Commissioners for a
11 good year at the Commission. I think we have made a lot of
12 good headway. We have identified some challenges and we have
13 been able to make some significant reforms. We have got a
14 lot of work to do, but I wanted to thank each of you and
15 Commissioner Clemente who could not be here today. He had
16 already planned, some time ago, to be out of town on this
17 date and so he sends his regrets, but he is off to a good
18 start; hit the ground running and is learning an awful lot
19 really quickly.

20 I will take this opportunity if any of my fellow
21 Commissioners want to take a couple of minutes to share a
22 couple words.

23 COMMISSIONER OLSHOVE: I am the new kid on the
24 block. I came into this not knowing what I was getting into,
25 I guess, and I am relatively impressed. Coming from the

1 Legislature, you never quite know what is going to happen and
2 I think Andy and Teri have been great; helped me a lot to get
3 up to speed on the issues and I look forward to the coming
4 year and we will be implementing a lot of these new policies
5 and taking your input. Overall, I am very pleased to be here
6 and thank you for your help.

7 COMMISSIONER GAFFNEY: Yes. Thank you, Mr. Chair.
8 On the issue of -- I don't want to get into any discussions
9 on the issue of lowering the inventory of gas stations from
10 \$250,000 to \$50,000. There are a number of states where,
11 like, Ohio and Tennessee where just about any gas station you
12 can buy at least beer and it would be interesting to see what
13 the data shows in terms of if there is, in fact, an increase
14 in those states in drunk driving or alcohol related incidents
15 or not. Or if it is just something that people feel that
16 would be -- would happen. So that would be interesting and I
17 am sure some of the groups here have access to national data
18 where they can get that and that would be persuasive
19 information, I would think.

20 Also, I want to wish everybody happy holidays and
21 remember that this time of year is the time to be thankful
22 and we all have many blessings, materially and elsewhere and
23 it is time to share some of those blessings this time of year
24 and be generous to those who are less fortunate than we are.
25 Thank you.

1 CHAIRMAN DELONEY: Thank you.

2 COMMISSIONER QUIMBY: As the Chairman has already
3 said, we appreciate all of you taking time today to come to
4 this meeting to share your concerns and articulate those on
5 the record today. I would just like to say, again, that I
6 think, really, all of us do have an open door policy. If
7 anyone ever wants to talk with us, we are more than happy to
8 do that. There is five of us Commissioners, but I also want
9 to recognize there are a lot of staff out there who work
10 really hard to make everything happen that happens here and
11 whether we hear directly from you or through them, we
12 appreciate all comments that come our way. So thank you for
13 coming today.

14 CHAIRMAN DELONEY: That is exactly what I was going
15 to talk about next. There is quite a bit of our staff that
16 are here. Those of you who are on the staff of the
17 Commission, could you raise your hands to let the folks in
18 the room see you? These people work extremely hard for us
19 every single day. And we recognize that sometimes we don't
20 make it exactly easy for them to work for us because we are
21 giving them a lot to do. Having said that, I also want to
22 express some appreciation because a lot of -- there is a good
23 number of things that we have done and are working on. There
24 is some really exciting things we are working on right now
25 that have come about or are coming about because the staff

1 have taken the time to say, you know what? I have an idea.
2 Or you know what? Something is going on that does not quite
3 make sense. Or you have different groups of staff who have
4 gotten together, shared ideas; worked out differences and
5 have come up with some really good ideas. So to the staff
6 here, we -- obviously, we can't do this without you. We are
7 the ones that just give the yes and no votes on what you work
8 on and give to us and for all the hard work that you have
9 done and will continue to do, thank you so very much.

10 That is about it that we have for today. Again, I
11 want to take an opportunity to thank all of you for coming
12 out. I also want to wish each and every one of you a very,
13 very happiest of holiday seasons; very safe celebrations. We
14 want to see you again here next year. We welcome your
15 continued involvement in what we do on a daily basis. Please
16 don't be strangers. Happy Holidays. With that, I will
17 accept a motion, at this time, to adjourn.

18 COMMISSIONER QUIMBY: So moved.

19 CHAIRMAN DELONEY: Moved by Commissioner Quimby.
20 Is there a second?

21 COMMISSIONER GAFFNEY: Support.

22 CHAIRMAN DELONEY: Supported by Commissioner
23 Gaffney. All in favor will indicate by saying aye.

24 COMMISSIONER QUIMBY: Aye.

25 COMMISSIONER OLSHOVE: Aye.

1 COMMISSIONER GAFFNEY: Aye.

2 CHAIRMAN DELONEY: Aye. All opposed will indicate

3 by saying nay. Hearing no nays, the ayes have it and we are

4 adjourned.

5 (Hearing concluded at about 10:00 a.m.)

6 * * *

7 I HEREBY CERTIFY that I reported stenographically,

8 the foregoing testimony and proceedings on the date and place

9 hereinbefore set forth; that the same was later reduced to

10 typewritten form, and that the foregoing is a true, full and

11 correct transcript of my stenographic notes so taken.

12

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14 _____
Lori K. DeClercq, CSR-3053

15 Dated: December 21, 2012

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